

IN THE MATTER OF
THE APPLICATION OF
SHIRLEY WRIGHT
FOR A MORTGAGE ORIGINATOR
LICENSE

BEFORE THE COMMISSIONER
OF
FINANCIAL REGULATION
Case No. DFR-EU-2007-191

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STATEMENT OF THE CASE

The hearing on the above captioned matter was held on January 22, 2008, and heard by the Deputy Commissioner of Financial Regulation, Joseph E. Rooney ("Deputy Commissioner"). This matter was scheduled for a hearing as a result of a decision by the Office of the Commissioner of Financial Regulation, pursuant to Md. Code Ann., Fin. Inst. ("FI") § 11-607(e), to deny Applicant, Shirley Wright, a mortgage originator license [Comm'r Exhibit # 3]. The denial was based on the following: (a) Applicant's failure to satisfy the Commissioner that the Applicant is of good moral character and has the general fitness to warrant the belief that the Applicant will act as a mortgage originator in a lawful, honest, fair and efficient manner as required by FI § 11-605(a)(2); and (b) a prior felony conviction of Applicant that is directly related to Applicant's fitness and qualification to act as a mortgage originator, in violation of FI §§ 11-605(b) and 11-615(a)(2). Applicant was not represented by counsel. Kris King, Assistant Attorney General, appeared as presenter of evidence on behalf of the Office of the Commissioner. Christopher J. Young, Assistant Attorney General, served as counsel to the Deputy Commissioner. The proceedings were electronically recorded.

FINDINGS OF FACT

From the testimony and exhibits presented, and with the opportunity to observe the demeanor of the witnesses and to assess their credibility, the Deputy Commissioner finds the relevant facts to be these:

1. On or about October 23, 2006, Applicant submitted an application for a mortgage originator license [Comm'r Exhibit # 5].

2. On or about April 15, 1997, Applicant was convicted in the United States District Court for the District of Maryland on the felony charges of Mail Fraud and Aiding and Abetting after pleading guilty to the charges [Petitioner Exhibit # 1]. Applicant was sentenced to 15 months incarceration, four years supervised release, and required to pay \$19,200.00 in restitution. [Petitioner Exhibit #1].

3. Despite the aforementioned conviction, the Applicant, on her license application, answered "no" to the question "Have you ever been convicted of, pleaded guilty to, or pleaded nolo contendere ("no contest") to a felony or misdemeanor, except minor traffic offenses, within the preceding 10 years?" [Comm'r Exhibit #5]. The Applicant received her conviction within 10 years of her application.

4. The Applicant testified at the hearing that she has served her prison term and completed her supervised release, but that \$7,000.00 of her restitution remains unpaid.

CONCLUSIONS OF LAW

Based on the Findings of Fact, the Deputy Commissioner concludes as a matter of law under FI § 11-605 that the Applicant should not be granted a mortgage originator license at this time. To qualify for a mortgage originator license, an applicant must satisfy the Commissioner that the applicant is of "good moral character and has general fitness to warrant the belief that the applicant will act as a mortgage originator in a lawful, honest, fair, and efficient manner". FI § 11-605(a)(2). The Commissioner may also deny an application for any reason that a license may be revoked or suspended under either the Mortgage Originator Law (FI § 11-601 *et seq.*) or the Mortgage Lender Law (FI § 11-501 *et seq.*) FI § 11-607(e)(2). Conviction under the laws of the United States or any

state of a felony or misdemeanor that is directly related to the fitness and qualification of an individual to act as a mortgage originator; demonstration of unworthiness, bad faith, dishonesty, or any other quality that indicates that the business of the Applicant will not be conducted honestly, and making a material misstatement on an application for a license are three such grounds for denial. FI § 11-615(a)(1)(2) and (5).

When denying a license because of a criminal conviction, the Commissioner is required to consider the following: (1) the nature of the crime; (2) the relationship of the crime to the activities authorized by the license; (3) with respect to a felony, the relevance of the conviction to the fitness and qualification of the licensee or applicant to engage in the mortgage origination business; (4) the length of time since the conviction; and (5) the behavior and activities of the applicant since the conviction.

In this case, the nature of the Applicant's crime is mail fraud and aiding and abetting in connection with mortgage loan transactions. These crimes are closely related to the mortgage origination activities authorized by the license sought by the Applicant and are highly relevant to her fitness and qualification to engage in the mortgage origination business. Mortgage-related fraud is of the utmost seriousness and relevance. While it has been now been just over ten years since her conviction, the Applicant's material misrepresentation regarding her conviction on her application demonstrates behavior that is of great concern to the Deputy Commissioner and brings into serious question the Applicant's honesty. The Applicant testified that she suffered brain injury resulting from several automobile accidents and that, in essence, reduces her culpability in connection with her crimes. The Applicant, however, put no medical evidence into the record supporting this testimony.

As to the material misrepresentation on the application, the Applicant testified that she was confused and thought that her conviction occurred more than ten years prior to her application. The

Deputy Commissioner, however, did not find this testimony persuasive, particularly in light of the seriousness of the crime and its relevance to the license sought. The Applicant's behavior, both in connection with her felony conviction and the material misrepresentation on the application, demonstrates unworthiness, bad faith, dishonesty, and other qualities that indicates that the business of the Applicant will not be conducted honestly. Moreover, the Applicant does not satisfy the Commissioner that she is of good moral character and has general fitness to warrant the belief that the applicant will act as a mortgage originator in a lawful, honest, fair, and efficient manner. The Applicant, therefore, lacks the requisite fitness and qualification for the license.

The Deputy Commissioner must conclude, based upon the evidence before him, that the Applicant is not presently qualified to be granted a mortgage originator license and there are sufficient grounds under the applicable law to deny the license. The Deputy Commissioner notes that his denial of the Applicant's license at this time does not act as a permanent bar to her reapplying for a mortgage originator license at a future time.

FINAL ORDER

In consideration of the foregoing Findings of Fact and Conclusions of Law, it is this 14th day of February, 2008, hereby **ORDERED** that:

The Applicant, Shirley Wright, is **DENIED** a mortgage originator license, pursuant to FI § 11-607(e).

Pursuant to State Govt. Art., Section 10-222, any party who is aggrieved by the Commissioner's decision, may file a petition for judicial review with the Circuit Court for the county where any party resides or has a principal place of business. Such petition must be filed within 30

days after Applicant's receipt of this Order (Md. Rule 7-203). The filing of a petition for judicial review does not automatically stay the enforcement of the Final Order.

COMMISSIONER OF FINANCIAL REGULATION

By: 
Joseph E. Rooney, Deputy Commissioner